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August 12, 1987

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## VIA FEDERAL EXPRESS

Mr. William Tucker  
Office of Regional Counsel  
EPA Region II  
26 Federal Plaza  
New York, NY 10278

Re: Arkansas Company, Newark, NJ

37322-3

Dear Mr. Tucker:

This is in response to the letter issued on May 27, 1987 by Stephen D. Luftig advising of the necessity of removal work at the above location that is estimated to cost approximately \$2,000,000. This response is submitted on behalf of Arkansas Company, Galaxy, Inc., Mark von Sternberg and Dorothy von Sternberg.

Both Arkansas Company and Galaxy, Inc. filed for reorganization under Chapter 11 of the Federal Bankruptcy Code in 1982. That move was not prompted by or necessitated by any potential environmental liabilities; both companies, in fact, enjoyed an exemplary record of environmental compliance.

Rather, a serious decline in the textile industry, which Arkansas served, caused an irreversible decline in revenues. All of the company's costs were used to pay preferred creditors, none of them the von Sternbergs; the plan of

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bankruptcy that was adopted in 1985 provides for payment to the general creditors of seventeen cents on the dollar. Neither Arkansas Company nor Galaxy, Inc. can, therefore, undertake any aspect of the removal action referred to in Mr. Luftig's May 27, 1987 letter.

Dorothy von Sternberg and her son, Mark, inherited their share of Arkansas Company when Dorothy's father died in 1969. They made a valiant but vain attempt to keep the company going but were unable to succeed against competing economic reversals. Dorothy put \$125,000 of her own personal assets into the company in an effort to help it survive; that money is gone. Mark took a modest salary while he was employed by the company but otherwise watched an inheritance dwindle to little or nothing of value.

Neither of them is capable of undertaking the removal action described in Mr. Luftig's May 27, 1987 letter. Both of them did all that they could do to avoid the present problem. There was never sufficient money in the estate to remove and dispose of the raw chemicals on Arkansas property after satisfaction of the IRS and Newark tax liens. The chemicals were always considered valuable assets of the estate and would have been sold to an anxious buyer in June of 1985 if the City of Newark, which owned the property, had allowed the buyer to take possession through a tax sale.

Arkansas Company, Inc., Mark von Sternberg and Dorothy von Sternberg will do all that they can to assist EPA in its efforts to minimize any threat of environmental contamination. Their collective financial resources, however, preclude them from being able to undertake the removal action referred to in Mr. Luftig's letter.

This will confirm that I am presently scheduled to meet with you at 10:00 a.m. on Wednesday, August 19, 1987 to discuss implementation of the Administrative Order and my clients' possible participation. After I dictated the above letter, I received the Administrative Order dated August 10, 1987. This will confirm that EPA has extended the deadline by which

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the identified parties were to confer with EPA Region II representatives.

Very truly yours,



A. PATRICK NUCCIARONE

APN/lp

cc: Mark von Sternberg  
Dorothy von Sternberg